



February 3, 2020

Postal Regulatory Commission
901 New York Avenue, NW Suite 200
Washington, D.C. 20268

RE: Docket No. RM2017-3

To the Attention of the Commission:

As an advocacy, research and education organization for entrepreneurs and small businesses, the Small Business and Entrepreneurship Council (SBE Council) expresses its gratitude to the Commission for maintaining an open and ongoing dialogue on key postal issues.

On behalf of our more than 100,000 members and supporters across the country, I am pleased to submit comments regarding the Commission's revised rate proposal for U.S. Postal Service's (USPS) market dominant products. We have long been alarmed about what has contributed to the ongoing fiscal problems and uncertainty at USPS, and have concerns regarding the continuation of rate increases that have negatively impacted small businesses and their employees nationwide.

The small business and entrepreneurial sector accounts for a strong and vital segment of the U.S. national economy, and ensuring a level playing field and opportunities for growth are vital to our continued success. Stability and certainty with respect to costs is very important to their survival and growth.

SBE Council recognizes that the financial position of the USPS remains dire. According to the USPS FY2019 Integrated Financial Plan, the organization's total liabilities exceed its assets by more than \$124 billion. Such debt is beset by a number of factors, including the widening losses in controllable income, which is projected to rise to \$4 billion in 2020.

SBE Council believes rather than moving to increase monopoly mail rates, which would pose harmful costs for small businesses, the self-employed and all Americans, the Postal Regulatory Commission can instead require USPS to focus on addressing the inefficiencies and failures in achieving proposed cost savings that have caused the USPS to withstand recurring financial losses for the last decade.

While the profits of First-Class Mail (\$12.3 billion in 2019) have contributed greatly to the Postal Service's balance sheet, it is curious how the fiscal difficulty of USPS persists. In addition

to stopping the implementation of the proposed rate increases that burden postal customers, such as small businesses, the Commission must also encourage the USPS to fully analyze its offerings and withdraw its services that do not add substantively toward repairing its fiscal position.

A recent USPS IG audit [states](#), “the Postal Service’s strategic initiatives to reduce costs and optimize the processing network have not achieved planned cost savings.”

Over the period of 2014 to 2018, mail volume decreased by 31 billion pieces, approximately nine percent, while mail processing costs increased by \$301.3 million, roughly four percent. Additionally, [USPS](#) only received 5.6 percent of the projected savings that it was supposed to get from substantial reductions in delivery time goals. Such challenges make it clear that the USPS has routinely failed to address the core problems that have been wreaking havoc on their financials.

The responsibility and charter of the USPS – to deliver letters in a reliable manner at a flat low rate – has regrettably withered substantially in recent years. Steady increases in rates on postage, along with the agency’s largest postal price hike to date at the start of 2019, demonstrate the degree to which additionally prospective rate increase remedies have become obsolete and ineffective as a solution. The current path has especially been burdensome for the small business community, which does not have the financial flexibility to seek alternative mailing options, and was forced to shell out an additional 10 percent in costs for their mailings in 2019.

The RM2017-3 proposal (revised December 5, 2019) adds unnecessary complexity, and in turn, reduces predictability for small businesses and entrepreneurs across the nation. The potential new framework largely lacks transparency and will likely only contribute to continued financial mismanagement at USPS. Rather than piling on added costs for mail users, the PRC should seek corrective action for internal inefficiencies and inattention to past directives from the Commission.

Additional aspects of mail service that concern us include the inability of USPS to meet on-time delivery targets for every single product segment within its “First-Class Mail” umbrella of services in 2019. This unfortunate reality affects the overall competitiveness of small businesses and hinders their ability to effectively communicate with customers, promote products, market their businesses, fulfill orders, complete billing, invoicing and much more.

SBE Council has long been an advocate for common-sense adjustments that would put the USPS on firmer fiscal footing, with practical suggestions like balance sheet transparency, clarity, and logical product segmentation.

SBE Council believes that rather than implementing a detrimental series of ineffective rate hikes, the USPS should act on these recommendations in order to provide small businesses, and all customers, with the affordable service they expect and deserve both now and in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with the first name "Karen" and last name "Kerrigan" clearly distinguishable.

Karen Kerrigan
President & CEO

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Protecting Small Business, Promoting Entrepreneurship